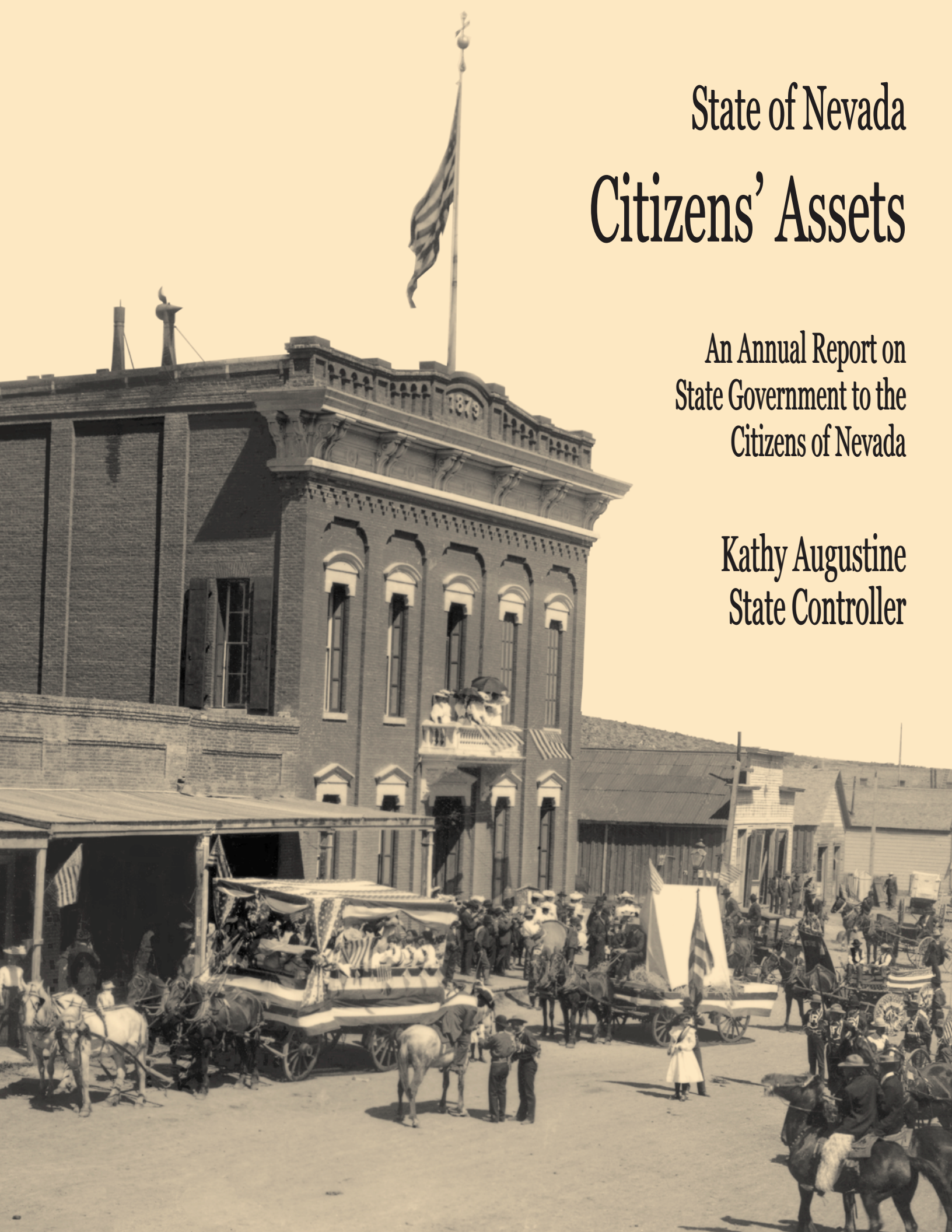


State of Nevada Citizens' Assets

An Annual Report on
State Government to the
Citizens of Nevada

Kathy Augustine
State Controller



From the Desk of Kathy Augustine, Nevada State Controller



I am pleased to present this condensed annual report to the citizens of Nevada for the fiscal year ended June 30, 2002. Most of the information contained herein is compiled from our Comprehensive Annual Financial Report (CAFR), produced by the State Controller's Office in accordance with generally accepted accounting principles and independently audited. This report is designed for those not needing the complex and technical information contained in the CAFR.

The Office of State Controller was created when Nevada became a state in 1864. One of Nevada's six constitutional officers elected to a four-year term, the Controller represents the State in fiscal matters and is critical in maintaining a checks-and-balance system in state finances. The Controller's duties include providing current and historical financial information, administering the accounting system, conducting the state's annual audit and settling all claims against the state. This requires compliance with Nevada's constitution and statutes, as well as federal revenue and income tax laws. The computation, withholding and account-

ing for all state payroll deductions also fall under the Controller's purview, along with the consolidation of debt collection efforts for the State.

This publication entitled "Citizens' Assets", is the second issue of its kind in the history of Nevada's financial reporting. This type of presentation, known as a Popular Annual Financial Report (PAFR), is meant to supplement, not replace the CAFR. The first issue distributed in January of 2002 received the Award for Outstanding Achievement in Popular Annual Financial Reporting from the Governmental Finance Officer's Association (GFOA). The PAFR, as well as the CAFR, are also available on the State Controller's website at <http://www.state.nv.us/controller>.

The purpose of this report is to better inform the public about the State's financial condition by providing economic and demographic information in an easily readable format. Trends in revenues, spending, levels of services and future needs are also reflected. We hope you will take advantage of this simplified report to find out more about your State's current financial status and future fiscal challenges.

Nevada, nicknamed the "Silver State", due to the vast quantities of silver mined from the Comstock Lode in the 1800's, is bordered by California, Oregon, Idaho, Utah and Arizona. The State lies in the Great Basin, an arid region east of the Sierra Nevada Mountains, where the average annual rainfall is less than ten inches. Approximately 87.2 percent of our 110,000 square miles of valleys and mountain ranges are federally owned.

The economy and tax base of the State are dependent upon interrelated gaming and tourism industries, as well as federal activities, mining, warehousing, manufacturing and agriculture. Over the past decade, Nevada has experienced one of the fastest population growth rates in the nation. The 2000 census ranked Nevada first in overall growth, with a 62% increase over 1990. Our population is projected to increase by 414,372 by 2010.

The State operates under a constitution, ratified in 1864, that provides for a full range of services, including education, health, social services, highway maintenance and construction, law enforcement, judicial, public safety, business regulation and resource development.

Award for Outstanding Achievement in Popular Annual Financial Reporting

PRESENTED TO

STATE OF NEVADA

For the fiscal year ending
June 30, 2001



William S. Pate
President
Jeffrey L. Esser
Executive Director

Major Initiatives

During the last year, Governor Kenny C. Guinn continued to pursue several major objectives that were central to his 1999 and 2001 State of the State speeches. Earlier initiatives, related to state administrative and operational cost savings, education, health care, and long-range planning, have been implemented and continue to expand within the state's fiscal constraints. In addition, a number of other key issues emerged following the terrorist attacks and economic downturn of 2001 and the resultant loss of revenues to our tourist-based state economy. Facing the challenges of constrained budgets and reduced program funding, the Governor asked departments to curtail spending by deferring program enhancements, the purchase of much needed equipment, by not filling vacant positions, and by further reducing agency budgets a minimum of 3 percent. At the same time, he has asked state employees to continue to seek effective and efficient ways to improve government services. The major biennial initiatives are:

Child Welfare: Assembly Bill 343 (A.B. 1 of the Special Session) provided for the transfer of selected duties of the State's Division of Child and Family Services, Department of Human Resources, to large counties (those with a population of 100,000 or more). The transfer of duties (including case management functions for foster care and adoption, emergency shelter care, family foster care, and other related programs), is aimed at providing a more seamless and accessible system for those affected by these programs. However, due to budgetary constraints, the transfer is currently being effected only in Washoe County and the scope of the project is being scaled-down. It is anticipated implementation in Clark County will occur as revenues become available. Services to counties with smaller populations will remain with the state. The stresses exerted on families, especially

since September of 2001, have been tremendous, and Nevada's caseload growth in Temporary Assistance for Needy Families reached a peak of nearly 70 percent, one of the highest expansion rates in the nation.

Energy: Governor Guinn's energy initiatives have stabilized energy markets in Nevada, assisted new energy projects in obtaining necessary permitting and site authorizations, promoted the development of renewable energy in Nevada and supported improvements in energy efficiency in the State and private sectors. In signing Assembly Bill 369 into law the Governor stopped the divestiture of generation plants and provided Sierra Pacific and Nevada Power with the regulatory mechanism to recover all prudently incurred energy expenses. The application of this regulatory mechanism by the PUC over the past year has shown that proving prudence is a rigorous process that demands that the utility be accountable for their decisions. Nevada Power disallowances have exceeded \$400 million and Sierra Pacific disallowances have exceeded \$100 million. Examples of assisting new energy projects include the ground breaking and construction of five significant generation projects in Southern Nevada which, when energized, will supply more than 2,000 megawatts of energy to the grid, support for gas pipeline and electric transmission line expansions in Southern, Northern and Eastern Nevada, and regular expressions of support for the complete implementation of the renewable portfolio standard. Contracts between the utility and renewable energy providers are imminent. Support for renewable energy is further supported by the outreach and grant support efforts of the Nevada State Office of Energy (NSOE). The NSOE has played an essential role in grant efforts that have resulted in more than \$4 million in support coming to Nevada for technical and financial support for renewable energy and energy efficiency projects. NSOE has also supported extensive outreach efforts to energy consumers, including small businesses, low-income households, purchasers of new homes, industrial operations, and state agencies.

Environment and Conservation: Governor Guinn has led the effort in Nevada to ensure our drinking water supplies are safe and public water supply contamination is prevented; to ensure the clarity of Lake Tahoe is maintained and the basin's environment is improved and protected; to work with various organizations to foster and promote development of a native seed production industry to provide a readily available supply

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of adapted plant materials for use in wildfire restoration efforts. In addition, Nevada's sage grouse conservation efforts have produced a statewide strategy that will directly benefit the state's ecosystems. Recently awarded federal grant funds will establish a revolving loan program in Nevada for the cleanup of contaminated industrial properties. Other funding sources, both private and public, have been received, or are being sought, to assist with the threat of bioterrorism, environmental cleanup, hazardous waste reduction and environmental education.

Health Care: Fiscal challenges from the state's economic downturn during the past year have resulted in deferring, or cutting back, many of the 2001 expansion and enhancement proposals for programs that were designed to serve children, families, citizens with disabilities, seniors, and to generally improve the effectiveness of program administration and oversight. Nevertheless, the focus on improving these programs remains strong.

Unemployment and Welfare Divisions: Due to the negative economic impact of the September 11, 2001 terrorist attacks, Governor Guinn announced that supplemental funding would be made available to aid employees who were laid off, or lost their jobs. Unemployment benefits were temporarily extended and exempted from counting as earned income for purposes of qualifying for state family assistance programs such as Temporary Assistance for Needy Families, the Child Health Assurance Program, Low Income Home Energy Assistance, Nevada Check-up, and child care assistance programs.

Yucca Mountain: The Nevada Protection Account is being used to fund activities aimed at preventing the location of a federal nuclear waste repository in Nevada. The State of Nevada has filed suit challenging the Department of Energy's final Yucca Mountain Environmental Impact Statement as inadequate and in violation of both the national Environmental Policy Act and the Nuclear Waste Policy Act. In addition, the state has initiated a national education and awareness campaign to emphasize the risks associated with the transportation of nuclear waste through communities all along transport routes.

Follow-up on Previous Year's Initiatives

Fundamental Review: The Governor's Fundamental Review of State Government, which the Governor instituted to review state programs and services continued; however, the structure was revised to focus on specific areas of operation. This year, reports were received from the Department of Corrections, the Department of Personnel, the Nevada Board of Parole Commissioners, the Nevada Juvenile Justice Commission, the State Fire Marshal and the Department of Public Safety.

Millennium Scholarships: This program, funded by revenue from the tobacco settlement and aimed at increasing the number of Nevada's students who go on to college, continues to provide scholarships to high school graduates with a B average, or better. Students must make application to the program within eight years after graduation from a Nevada high school and use the money for tuition at a Nevada state community college or university.

Motor Vehicles Registration and Driver Licensing: The Department of Motor Vehicles (DMV) and Public Safety was split into two departments, under legislation passed in 2001, to strengthen administrative and operational efficiencies. The split has been successfully completed. As a result, the DMV has made use of improved Internet and interactive phone technologies to complete vehicle registration and licensure activities. This has substantially decreased wait times at DMV offices and reduced turnaround times for most transactions.

Senior Rx: Nevada's privately administered insurance coverage for seniors' prescription medicine, known as Senior Rx, is available to all seniors who have lived in Nevada for more than one year, who are at least 62 years of age, who have income that does not exceed \$21,500 per year, and who do not qualify for prescription coverage under Nevada Medicaid. The plan provides up to \$5,000 in prescription benefits per enrollee and requires only minimal co-payments. Limited to a maximum of 7,500 recipients, the program is functioning at near capacity.

Information provided by: J. Perry Comeaux, Director
Department of Administration

According to teenagers polled in 2001, 80% of Nevada's high school students have used alcohol and 50% have used marijuana.

Nevada Economic and Fiscal Overview and Outlook

The Nevada economy has been declining since mid-2001, but prior to the terrorist attacks of September 11, 2001 there were indications conditions were improving. Since then, however, the State's economy has continued to suffer. Almost every performance indicator, taxable sales, gaming activity, jobs and income, has deteriorated, if not in actual terms, at least in respect to former growth rates.

As a result, the State's fiscal health has been negatively impacted. Fiscal year 2002 sales tax, Nevada's largest revenue source, barely surpassed FY 2001. The second largest revenue source, percentage-fee collections from gaming operations, also failed to match FY 2001 collections. Thus, General Fund revenue fell noticeably short of the projections upon which the FY 2002 budget was developed.

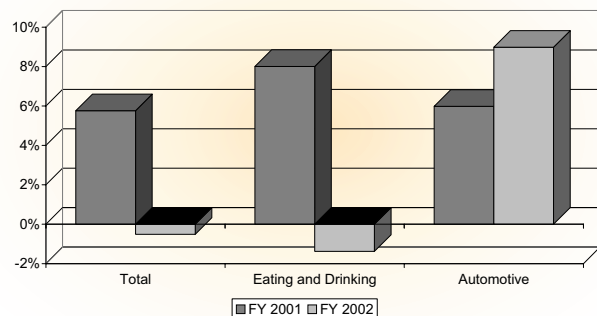
Nationally, it has been determined the economy officially fell into a recession in March 2001. While an official end to the downturn has yet to be identified, the consensus among those who track economic movement is that the upturn began near year-end 2001. If that is the case, recovery is going to be relatively weak. Job gains, are at best, going to be minimal and financial markets will continue to struggle. Domestic and international uncertainties are resulting in a recovery that, to date, appears to be very tentative.

Nevada's Economy

Taxable Sales: The economic slowdown during FY 2002 is most evident in the State's largest General Fund revenue source, sales tax. Total taxable sales grew at 5.8% in FY 2001, but declined by 0.5% in FY 2002. During FY 2001, sales were up 8%, driven partly by continued growth in our visitor volume, after the completion of new megaresorts on the Las Vegas Strip. September 2001's impact on tourism was reflected in the declining sales of eating and drinking establishments, which represent the largest sales category. During July and August, the first two months of FY 2002, sales in this category were up 2.6%, but overall FY 2002 saw sales decline 1.4%. All of the decline occurred after September 11th. The downward spiral of sales did not affect all sales taxes, however. Automobile sales, the State's second largest sales category, saw

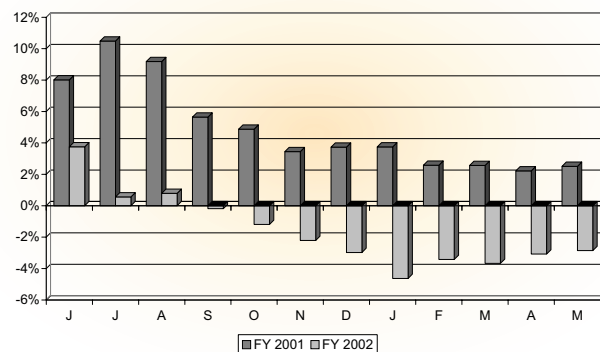
an increase of 9% in FY 2002, spurred on by attractive financing packages. During the prior year, auto-related sales were up 6%.

FY 2002 vs. FY 2001 Taxable Sales Trends



Gaming Win: Gaming win is the amount that the casino's win from gambling activities. Gaming activity soared during the late 1990's as a result of the expansion of major casinos. In FY 2001, gaming win also saw an increase of 2.5%. However, conditions in FY 2002 deteriorated markedly. The year ended with gaming wins down by 2.9% from the previous year. Declines were especially pronounced on the games and tables side, where win was down 7.2%. Win was off by just 0.5% for the less volatile slots.

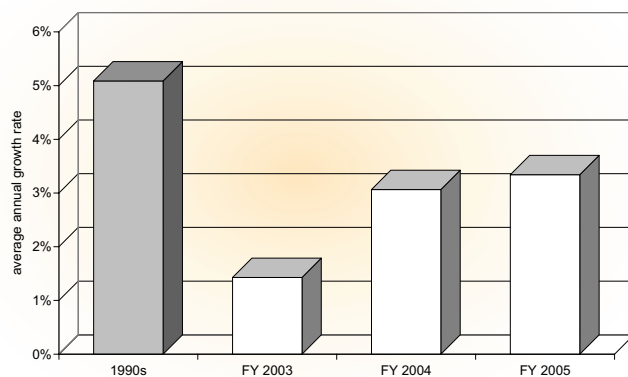
FY 2002 vs FY 2001 Y-T-D Growth in Total Win by Month



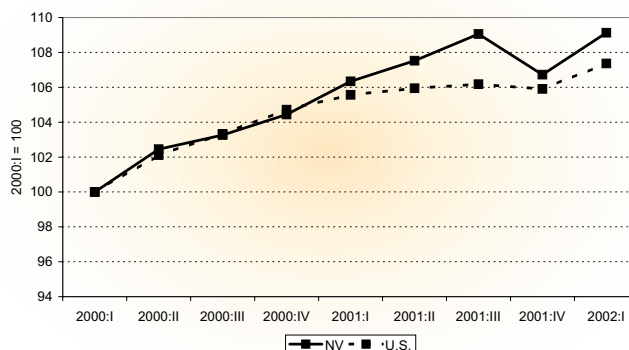
Visitor Volume... Nevada's tourism-based economy is driven by visitor volume. The events of September 2001 reversed gains made earlier in the year. Fiscal year 2001 ended with Las Vegas visitor volume up by 2.5%, down considerably

from the near 10% gain in the prior year. However, as FY 2002 unfolded, the impact of September's catastrophic events brought about an outright decline in visitors. September 2001 visitors decreased over 14% from the prior year. In fact, visitor declines of at least 5% were registered every month between September and December. Declines continued through the first six months of 2002, but losses were not as pronounced. Las Vegas visitor volume was down 4.1% for FY 2002. To put this in perspective, the most pronounced declines in visitor volume during the 1980's recession were less than 1% and during the 1990's downturn, visitor growth remained positive, never falling below 2.7% in any fiscal year.

Nevada Job Growth:History and Forecast



Labor Markets: Recent employment trends also highlight the reversal of Nevada's economic fortunes since mid-2001. During calendar year 2000, job growth in Nevada hovered between 4% and 5%. Already easing by September 2001, the terrorist attacks pushed job growth negative. Department of Employment, Training, and Rehabilitation (DETR) preliminary estimates suggest that jobs declined in each of the final three quarters of FY 2002. Historically, job growth in Nevada has surpassed the nation as a whole and despite the deterioration in the State's labor markets, trends have still held up well relative to other states. Currently, DETR is forecasting job growth to gradually rise to just 3.3% by FY 2005. On the plus side, should such a scenario unfold, it will most likely still leave job growth (and overall economic growth) in the State well in excess of the national average. DRI-WEFA, Inc., a nationally and internationally known forecasting firm under contract with the State of Nevada, is forecasting national job growth between 1.4% and 2.6% over roughly the same period.

Personal Income Trends:
Nevada and the U.S.

Personal Income: Historically, as with nearly every economic indicator, personal income gains in Nevada have far outpaced those nationally. Despite the general economic slowdown, that pattern is continuing. Since the beginning of calendar year 2000, personal income has increased by just over 9%, nearly 2 percentage points more than in the U.S. But again, the economic slowdown in Nevada is evident in the trends. During the year ending with the third quarter of 2001, personal income growth averaged 5.8% in Nevada. Since then, growth has been reduced by more than half, to 2.4%.

The Outlook

The national economic outlook is clouded in uncertainty. Devastating events, terrorist attacks, subsequent military response, the threat of war, accounting scandals, declining stock markets and declining consumer confidence that have taken place over the past year have influenced the state of our economy. Still, the forecast calls for a growing economy in the foreseeable future, but at a slower pace. DRI-WEFA, Inc. forecasts real GDP growth of 2.4% in 2002, and 3% in 2003. As with the U.S. economy, recovery in the Silver State will likely be relatively weak, especially when measured against the high-growth period covering much of the 1990s and early 2000s. However, expectations are for Nevada to experience a significant, but gradual rebound.

Information provided by: William D. Anderson, Economist, Department of Administration

Problem gamblers in Nevada are significantly more likely than non-problem gamblers to chew or smoke tobacco.

Financial Overview

State Debt and Investment

Debt Administration: The bond ratings from Fitch, Standard and Poor's and Moody's Investor Service were at AA+, AA and Aa2 respectively. These ratings reflect a good economic base and sound financial management. On June 30, 2002, outstanding bonded debt was (*expressed in thousands*):

Governmental Activities	
General Obligation Bonds	\$ 2,185,798
Special Obligation Bonds	91,935
Business-Type Activities	
Bonds Payable	1,371,250
	<u>\$ 3,648,983</u>

Only \$787 million of the \$2,186 million in general obligation bonds are paid through a tax levy on property. The remaining \$1,399 million are serviced through slot machine taxes and revenues from local governments for the municipal bond bank.

The Constitution of the State limits the aggregate principal amount of the general obligation debt to 2% of the total reported assessed property value of the State. Exempt from this limit are debts incurred for the protection, preservation and development of natural resources. As of June 30, 2002, the debt limit and remaining capacity were as follows (*expressed in millions*):

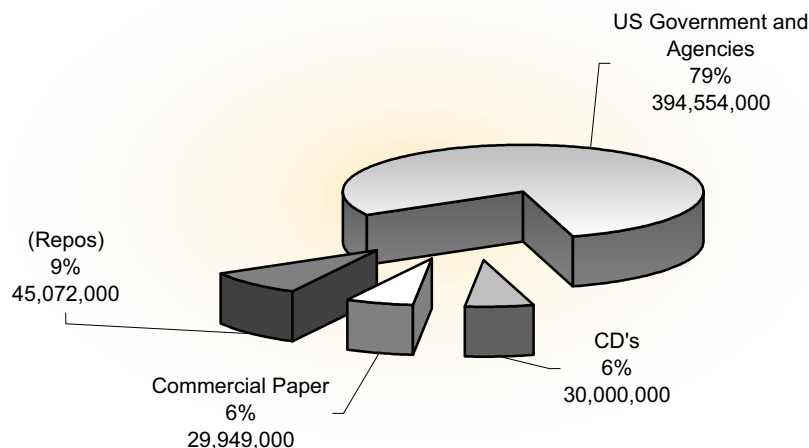
Debt limit (2% of assessed value)	\$ 1,172.30
Less: Bonds and leases payable	804.90
Remaining debt capacity	<u>\$ 367.40</u>

Cash Management: Cash, temporarily idle, is invested by the State Treasurer. All cash, except for monies in pension trust funds, the Unemployment Compensation Fund, the University System, or outside bank accounts approved by the State Board of Finance, is combined in the State Treasurer's investment pool. Uncommitted balances are invested in collateralized repurchase agreements, bankers acceptances (only those eligible for discount with the Federal Reserve), commercial paper issued by U.S. corporations (rated A-1, P-1 or better), corporate bonds issued by U.S. corporations (rated A or better), and securities of the U.S. government with most maturities ranging from one day to five years.

Local Government Investment Pool (LGIP), Investment Guidelines: The State Treasurer operates a separate investment pool for local governments to take advantage of the greater interest earnings through pooled investments. The permissible investments of the LGIP include the United States Treasury and agency securities, repurchase agreements, high quality commercial paper, negotiable certificates of deposit and banker's acceptances.

These securities are diversified to prevent over-concentration in a specific maturity, a specific issuer, or a specific class of securities. The average maturity of the portfolio must not exceed 150 days and no single security may be longer than two years.

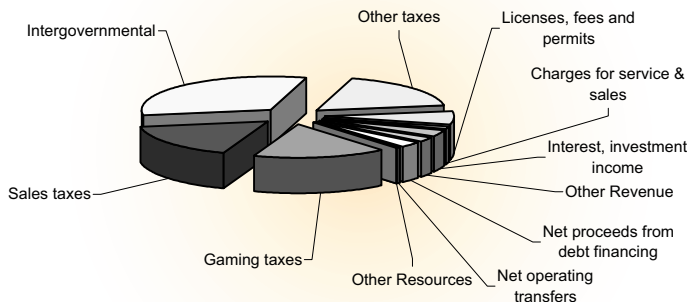
Local Government Investment
Pool Portfolio as of June 30, 2002



Revenues: The following schedule presents a summary of revenues and other financing sources for the fiscal years ended June 30, 2002 and 2001 of the general fund, special revenue funds, debt service funds, capital projects funds and permanent funds.

Revenue and Other Financing Sources (Expressed in thousands)						
	2002		2001		Increase (Decrease)	
	Amount	Percent	Amount	Percent	Amount	Percent
Gaming taxes	\$ 697,482	16.5%	\$ 724,981	16.3%	\$ (27,499)	-3.8%
Sales taxes	718,910	17.1	714,249	16.1	4,661	0.7
Intergovernmental	1,347,251	32.0	1,187,155	26.7	160,096	13.5
Other taxes	761,908	18.1	960,301	21.6	(198,393)	-20.7
Licenses, fees and permits	270,724	6.4	241,940	5.4	28,784	11.9
Charges for service & sales	54,953	1.3	53,049	1.2	1,904	3.6
Interest, investment income	124,674	3.0	185,299	4.2	(60,625)	-32.7
Other Revenue	102,815	2.4	108,086	2.4	(5,271)	-4.9
Net proceeds from debt financing	114,967	2.7	256,473	5.8	(141,506)	-55.2
Net operating transfers	20,464	0.5	7,766	0.2	12,698	163.5
Other Resources	1,539	0.0	870	0.0	669	76.9
Total	\$ 4,215,687	100.0%	\$ 4,440,169	100.0%	\$ (224,482)	-5.1%

Revenue and Other Financing Sources



The decrease in taxes was due to a slow down in the economy. Taxes represent almost 52% of the resources available to the State for general government functions with sales taxes and gaming taxes comprising approximately 65% of total taxes. The next largest financing source, intergovernmental revenues, is predominantly federal funds. The decrease in interest and investment income was due to lower interest rates and lower cash balances available throughout the year. The adjacent chart depicts Revenues and Other Financing Sources for 2002.

Unallocated Reserves and Rainy Day Fund: An important indicator of fiscal health is “unallocated reserves”, which includes the undesignated fund balance in the General Fund and the “rainy-day” fund balance. The accompanying chart depicts those balances. The “rainy-day” fund balance remained unchanged at \$136 million and the General Fund’s undesignated fund balance decreased by \$66 million.

Fiscal Year Ended June 30	Unreserved General Fund Balance	"Rainy Day" (1) Fund Balance
1993	\$ 32,732	\$ -
1994	39,616	18,057
1995	(26,809)	100,000
1996	10,107	123,392
1997	(9,360)	128,867
1998	(89,509)	128,867
1999	(68,511)	128,867
2000	(46,803)	147,096
2001	(101,012)	136,341
2002	(167,297)	136,341

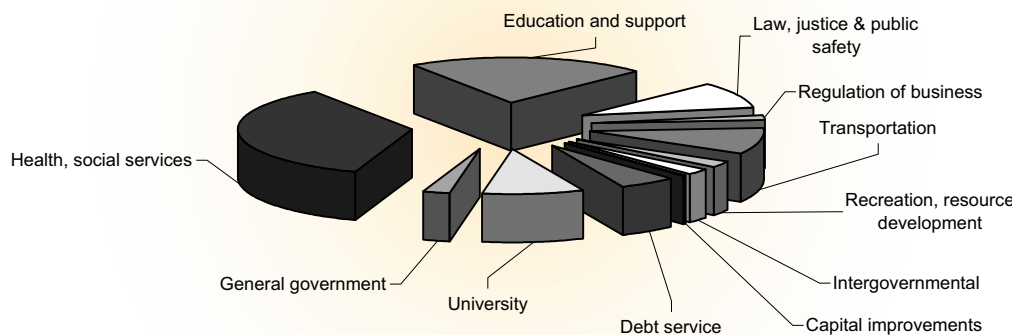
(1) The 1991 Legislature, and as amended in 2001, established a fiscal emergency (rainy day) fund that is funded with 40% of the unrestricted balance of the state general fund, after attaining certain reserves.

Expenditures: The following schedule presents a summary of general funds, special revenue funds, debt service funds, capital project funds, permanent funds expenditures and other financing uses for the fiscal years ended June 30, 2002 and 2001. Net transfers to and from the University System are the other financing uses.

Expenditures and Other Financing Sources (Expressed in thousands)						
	2002		2001		Increase (Decrease)	
	Amount	Percent	Amount	Percent	Amount	Percent
General government	\$ 108,507	2.5%	\$ 112,393	2.7%	\$ (3,886)	-3.5%
Health, social services	1,536,696	35.2	1,440,569	34.6	96,127	6.7
Education and support	968,484	22.2	862,993	20.7	105,491	12.2
Law, justice & public safety	412,317	9.4	382,316	9.2	30,001	7.8
Regulation of business	75,189	1.7	84,553	2.0	(9,364)	-11.1
Transportation	418,870	9.6	484,219	11.6	(65,349)	-13.5
Recreation, resource development	95,869	2.2	95,657	2.3	212	0.2
Intergovernmental	93,082	2.1	92,667	2.2	415	0.4
Capital improvements	18,404	0.4	37,489	0.9	(19,085)	-50.9
Debt service	230,261	5.3	200,759	4.8	29,502	14.7
University and other uses	406,818	9	375,640	9	31,178	8.3
Total	\$ 4,364,497	100.0%	\$ 4,169,255	100.0%	\$ 195,242	4.7%

Expenditures for health and social services increased due to the increases in Medicaid, Welfare and other entitlement programs because of the economic impact of September 11th. Transportation expenses were down due to highway projects progressing at a slower rate than in the past year because of difficulty in obtaining rights-of-way and fear of an economic downturn.

Expenditures and Other Financing Sources

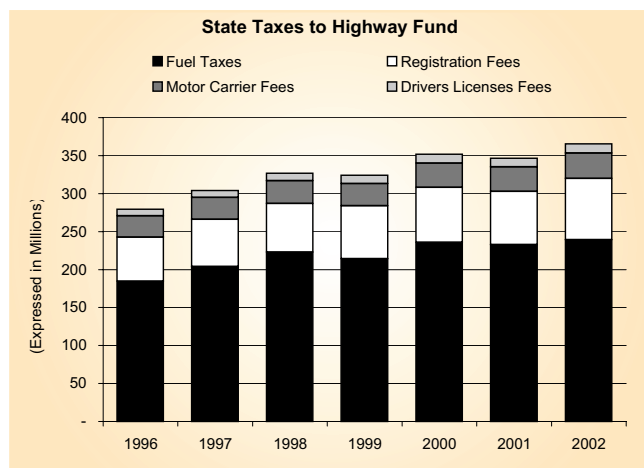
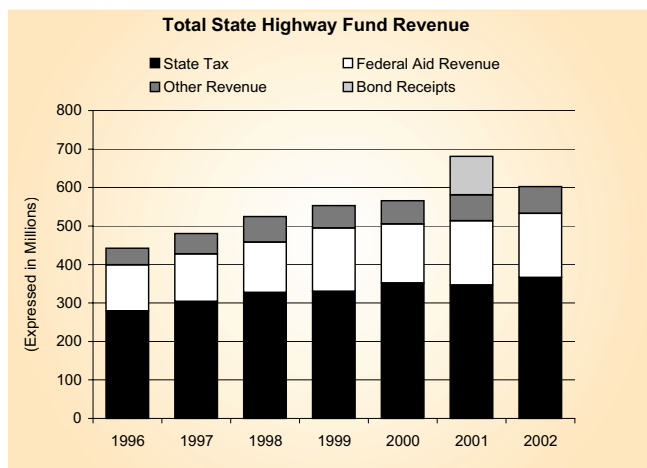


Pathological gambling in Nevada is higher than prevalence rates in every other state. Problem gamblers in Nevada are significantly more likely than non-problem gamblers to say that the excitement, the challenge of winning money, and the distraction from everyday problems are important reasons for gambling. It is interesting that problem gamblers in Nevada do not find entertainment as a good reason to gamble.

Facts and Figures

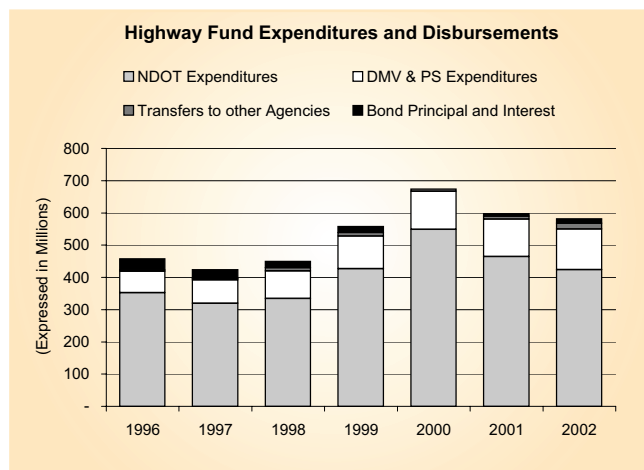
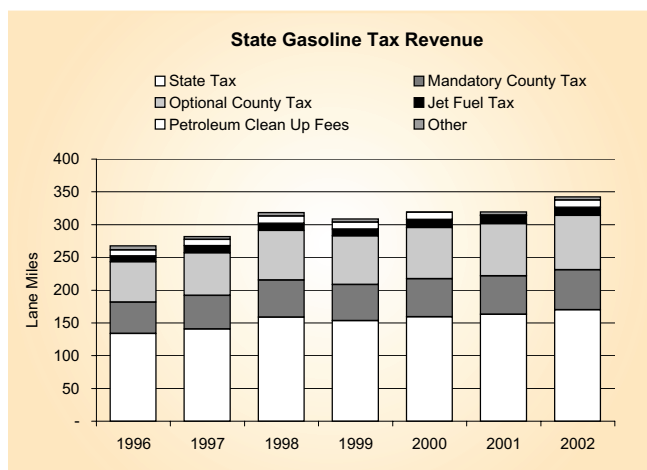
Nevada Department of Transportation

STATE HIGHWAY FUND: This is a special revenue fund established to account for the receipt and expenditure of dedicated highway-user revenue. The Department of Transportation is the major activity financed by the Highway Fund. However, the bulk of the operating costs of the Department of Motor Vehicles and Department of Public Safety are also financed by appropriations from the fund. In addition, there are appropriations to the Department of Taxation to offset gas tax collection costs and to the Transportation Services Authority for motor vehicle enforcement.



TRANSPORTATION FINANCING: State highways maintained by the Department of Transportation are financed with dedicated highway-user revenue and federal funds. State and federal highway funds are principally derived from vehicle fuel tax and registration fees.

HIGHWAY FUND EXPENDITURES: Indicates the Budgetary Expenditures and Disbursements from the Highway Fund by the Departments of Transportation, Motor Vehicles and Public Safety, in addition to expenditures and appropriations to other agencies for transportation related activities.



Source: Nevada Department of Transportation



Economic Impact Tourism

2002 -2003 Hotel/Gaming Ten Highest Taxpayers

Taxpayer	Secured Roll Assessed Value
1) MGM Mirage	\$1,450,430,260
2) Park Place Entertainment	883,854,220
3) Mandalay Resort Group	771,640,020
4) Venetian Casino Resort	322,162,000
5) Harrah's Club	273,332,500
6) Station Casinos	267,227,290
7) Coast Resorts	151,828,280
8) Aladdin Gaming	147,820,630
9) Boyd Group	144,902,630
10) Victoria Partners	121,426,550
Total 2002-2003	\$4,534,624,220

2002 -2003 Overall Ten Highest Taxpayers

Taxpayer	Secured Roll Assessed Value
1) MGM Mirage	\$1,450,430,260
2) Park Place Entertainment	883,854,220
3) Mandalay Resort Group	771,640,020
4) Nevada Power Company.....	644,086,200
5) Sierra Pacific Power Company..	406,694,600
6) F.S. Rouse Co. (Hughes)	360,984,630
7) Venetian Casino Resort	322,162,000
8) Newmont Gold Co.	310,899,540
9) Harrah's Club	273,332,500
10) Station Casinos, Inc. (Las Vegas)	267,227,290
Total 2002-2003	\$5,691,311,260

Source: Department of Taxation

Room Inventory

The number of hotel/motel rooms in Nevada

Month	FY 01	FY 02	Percent Change
July	169,173	173,711	2.2%
August	170,932	173,414	1.5%
September	171,818	173,556	1.0%
October	171,756	172,553	0.5%
November	172,001	172,835	0.5%
December	172,720	174,235	0.9%
January	172,439	173,956	0.9%
February	172,605	174,434	1.1%
March	172,880	174,379	0.9%
April	172,651	174,697	1.2%
May	172,609	174,731	1.2%
June	173,451	175,386	1.1%
End of Period	173,451	175,386	1.1%

Source: Nevada Commission on Tourism

Airport Volume

*The number of passengers arriving and departing from
Nevada's airports.*

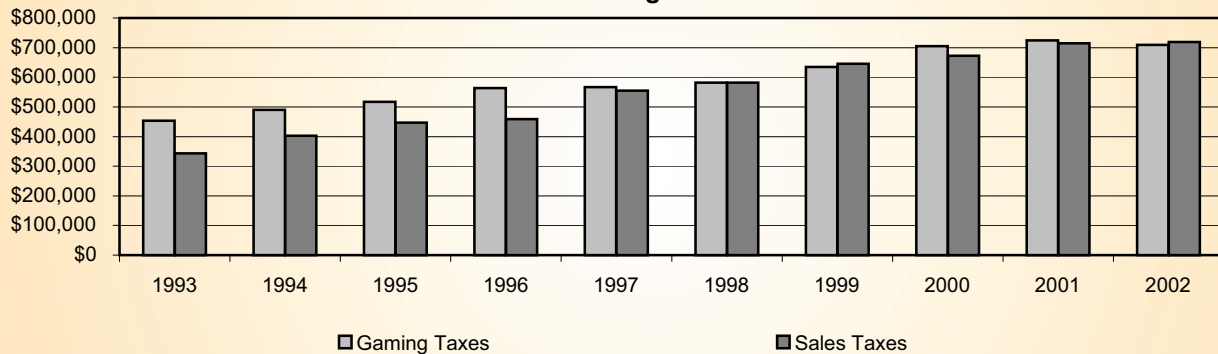
Month	FY 01	FY 02	Percent Change
July	3,734,774	3,802,252	1.8%
August	3,788,236	3,965,388	4.7%
September	3,494,502	2,461,020	(29.6%)
October	3,846,996	3,194,018	(17.0%)
November	3,587,804	2,915,482	(18.7%)
December	3,427,841	2,890,909	(15.7%)
January	3,242,277	2,903,793	(10.4%)
February	3,347,217	3,014,615	(9.9%)
March	4,042,363	3,684,870	(8.8%)
April	3,692,529	3,377,060	(8.5%)
May	3,649,469	3,451,119	(5.4%)
June	3,744,797	3,467,149	(7.4%)
End of Period	43,598,805	39,127,675	(10.3%)

Economic Impact Gaming and Sales Tax

State Collected Gaming and Sales Tax

Fiscal Year Ended June 30	Gaming Taxes			Sales Taxes			
	Gross Taxable Gaming Revenues	State Collections Gaming Taxes	State Share Gaming Taxes	Gross Taxable Sales	Gross Sales Tax Revenues	State General Fund Revenues	Sales Taxes Collected for Local Governments
1993	\$ 5,871,840	\$ 455,182	\$ 453,084	\$ 15,665,903	\$ 1,071,886	\$ 343,604	\$ 728,282
1994	6,397,278	498,709	490,166	18,215,224	1,245,720	402,548	842,788
1995	6,821,022	522,848	517,524	20,075,579	1,374,636	446,504	928,132
1996	7,240,837	565,921	563,198	22,222,771	1,541,703	458,336	1,083,367
1997	7,300,149	569,962	567,341	24,408,114	1,696,634	554,891	1,192,259
1998	7,577,394	584,048	581,423	25,360,551	1,771,936	581,991	1,246,825
1999	8,133,799	637,903	635,288	28,039,912	1,973,968	645,560	1,393,773
2000	9,015,244	707,610	704,893	29,815,517	2,149,120	672,473	1,472,225
2001	9,220,209	727,104	724,310	31,527,164	2,259,365	714,249	1,549,528
2002	9,082,035	711,577	708,898	31,785,790	2,288,288	718,910	1,569,378

State Share of Gaming and Sales Taxes



Total Gaming Win and Collections for FY 2001 and FY 2002 by Area

Area	FY 2001		FY 2002		Increase (Decrease)	
	Amount	Percent	Amount	Percent	Amount	Percent
Clark	\$ 7,778,625,560	80.5%	\$ 7,474,322,506	80.4%	\$ (304,303,054)	-3.9%
Washoe	1,113,289,198	11.5	1,049,151,610	11.3	(64,137,588)	-5.8
South Lake Tahoe	344,707,648	3.6	333,941,230	3.6	(10,766,418)	-3.1
Elko	225,238,196	2.3	226,902,576	2.4	1,664,380	0.7
Carson Valley	90,382,151	0.9	96,518,396	1.0	6,136,245	6.8
Balance	112,848,237	1.2	119,460,498	1.3	6,612,261	5.9
Total	\$ 9,665,090,990	100.0%	\$ 9,300,296,816	100.0%	\$ (364,794,174)	

Sources: Nevada Gaming Control Board, State Department and Taxation

Economic Impact Mining

The Nevada Mining Association reports that the total value of mineral production for Nevada's mines reached \$2.5 billion in 2001. Additionally, Nevada mines ended the year with approximately 72 million ounces of proven and probable gold reserves for future production, indicating that even without further discoveries, or improvement in gold prices, current production levels could be sustained for most of the next decade.

In 2001, Nevada's gold mines produced more than 8 million troy ounces of gold worth \$2.22 billion for the fourth year in row. Currently, the price of gold is holding at approximately \$310 per ounce, or \$37 per ounce higher than the

2000 average price of \$273 per ounce. Nevada's gold production accounts for approximately 72 percent of all U.S. gold production and 10 percent of world production, sustaining Nevada's rank as the largest gold producer in the United States and the third largest gold producer in the world behind South Africa and Australia. Nevada's mining industry continued to respond favorably during these challenging economic times and there continues to be strong production.

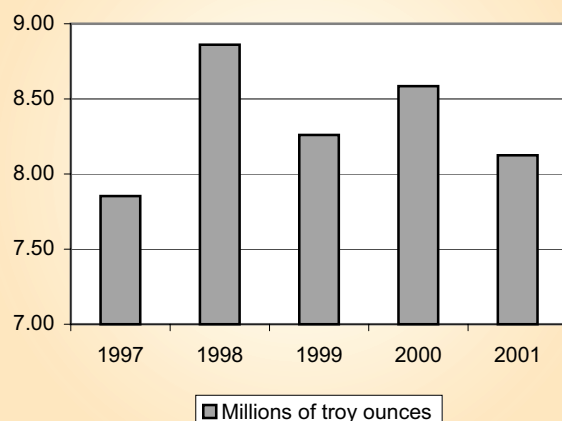
With the price of gold breaking the \$300 barrier in 2002, the industry is cautiously optimistic about the future.

Nevada's silver output also remains the highest in the nation with 17.2 million ounces produced in 2001 worth approximately \$76 million. Other mineral production including aggregates, barite, clays, copper, diatomite, lime and limestone, lithium compounds, magnesite, perlite, salt, silica sand and zeolites was worth approximately \$200 million.

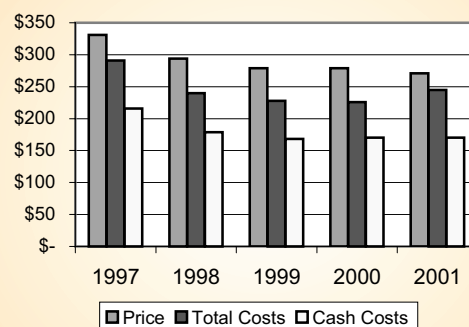
Additionally, the Nevada Mining Association reports the mining industry wages continue to exceed the state average of \$32,275 per year with an average annual salary figure of \$60,000. Mining generated approximately 47,500 direct and indirect jobs in Nevada contributing \$1.4 billion to Nevadan's household incomes.

Nevada remains the world's third largest gold producer despite economic challenges.

Nevada Gold Production



Nevada Gold Costs and Prices



Cash costs are operating costs including taxes.
Total costs include cash costs plus non-cash items such as depreciation and amortization

Sources: Nevada Division of Minerals



Demographics and Statistics

Population

Year	Clark County	Washoe County	15 Other Counties	Total State
1970	273,288	121,068	94,382	488,738
1980	463,087	193,623	143,798	800,508
1990	770,280	257,120	209,500	1,236,900
2000	1,375,765	339,486	283,006	1,998,257
2002	1,541,395	359,423	296,263	2,197,081

Sources: U.S. Department of Commerce, Bureau of Census, 1970, 1980, 1990, 2000; Nevada State Demographer for all other years as estimated for July 1.

Disposable Per Capita Income

Calendar Year	United States	California	Nevada	Nevada's Per Capita as % of U.S.
1970	\$ 3,484	\$ 4,131	\$ 4,425	127%
1980	8,424	9,876	9,714	115
1990	16,642	18,313	17,443	105
2000	25,090	26,808	26,105	104
2001	25,688	26,947	25,637	100

Source: Survey of Current Business, published by U.S. Department of Commerce

Nevada Statewide Average Wages

Average wage in employment covered by the Nevada. Unemployment Compensation Law (NRS 612) for each calendar year listed.

Does not include tip income or federal employment. Does include those covered under reimbursable portions of the Nevada Law.

Calendar Year	Avg. Hourly Wage	Avg. Weekly Wage	Avg. Annual Wage
2001	\$15.48	\$619.35	\$32,206
2000	15.07	602.81	31,346
1999	14.58	583.23	30,328
1998	14.12	564.63	29,361
1997	13.37	534.94	27,817
1996	12.91	516.45	26,855
1995	12.36	494.38	25,708

Source: Nevada Research and Analysis Bureau

Of Nevada high school students who were sexually active more than 25% drank alcohol, or used drugs, before they had sexual intercourse.

Education in Nevada

Fall Enrollment

Grades	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Primary (K - 6)	138,829	146,949	155,492	164,654	173,618	181,612	189,755	198,863	207,039	211,260
Secondary (7 - 12)	96,971	103,798	109,549	117,477	123,003	129,451	135,855	141,843	149,775	158,225
Total	235,800	250,747	265,041	282,131	296,621	311,063	325,610	340,706	356,814	369,485
Universities	22,040	22,603	22,327	23,044	23,844	24,806	25,309	24,991	27,036	29,445
State College	-	-	-	-	-	-	-	-	-	116
Community Colleges	13,579	13,485	14,610	16,972	18,858	20,840	23,379	22,801	23,491	25,271
Total	35,619	36,088	36,937	40,016	42,702	45,646	48,688	47,792	50,527	54,832

Source: Department of Education and University and Community College System of Nevada



Employment

Industrial Employment Data

The number of jobs by place of work.

<u>Nevada</u>	<u>June 2002</u>	<u>June 2001</u>
Total	1,074,900	1,062,500
Mining	9,100	10,200
Construction	94,800	92,100
Manufacturing	46,300	47,000
T.C.P.U.*	56,900	58,600
Trade	227,400	221,700
wholesale	39,800	39,500
retail	187,600	182,200
F.I.R.E.**	51,500	49,500
Services	459,900	457,900
hotels/gaming/rec.	240,100	246,100
Government	129,000	125,500

* T.C.P.U. = Transportation, Communications & Public Utilities
 ** F.I.R.E. = Finance, Insurance & Real Estate

Labor Force Data

By place of residence.

<u>Nevada</u>	<u>June 2002</u>	<u>June 2001</u>
Labor Force	1,059,400	1,027,100
Employment	998,400	973,300
Unemployment	61,000	53,800
Unemployment rate	5.5%	5.0%

Note: Nevada and U.S. unemployment rates and U.S. job growth rate are seasonally adjusted.

This data is prepared in conjunction with the Bureau of Labor Statistics, U.S. Department of Labor.

For Additional Labor Market Data Contact the Research & Analysis Bureau at: www.detr.state.nv.us/lmi

Average Hours and Earnings in Selected Nevada Industries

Average Weekly Earnings

	<u>June 2002</u>	<u>June 2001</u>
Mining	\$1002.80	\$1088.23
Construction	883.88	852.94
Manufacturing	587.16	599.11
durable goods	610.05	622.06
nondurable goods	535.14	546.16
Public Utilities	827.83	770.23
Trade	438.88	418.86
wholesale	861.52	764.71
retail	352.97	346.70

Average Weekly Hours

	<u>June 2002</u>	<u>June 2001</u>
Mining	42.6	47.5
Construction	38.0	38.3
Manufacturing	39.7	42.4
durable goods	41.5	43.9
nondurable goods	35.7	38.9
Public Utilities	40.8	40.2
Trade	33.4	32.8
wholesale	44.5	43.4
retail	31.1	30.6

Average Hourly Earnings

	<u>June 2002</u>	<u>June 2001</u>
Mining	\$23.54	\$22.91
Construction	23.26	23.26
Manufacturing	14.79	14.79
durable goods	14.70	14.70
nondurable goods	14.99	14.99
Public Utilities	20.29	20.29
Trade	13.14	13.14
wholesale	19.36	19.36
retail	11.34	11.34

One child in three is born to unmarried parents, will be poor at some point during childhood, and is behind a year or more in school. One child in four lives with only one parent. One child in five is born to a mother who did not graduate from high school and, if under the age of three, is poor. One child in eight has no health insurance, never graduates from high school and, if under the age of three, is poor. One child in eight has no health insurance, never graduates from high school, is born to a teenage mother and lives with a family receiving food stamps. One child in twelve has a disability. One child in twenty-four lives with neither parent. One child in sixty goes through a parent divorce in any year.



For an additional copy of the Popular Report please contact:

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